



Interim results presentation

First half to 31 October 2022 (H1 2023)

13 December 2022

FRP

frpadvisory.com

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Presentation team



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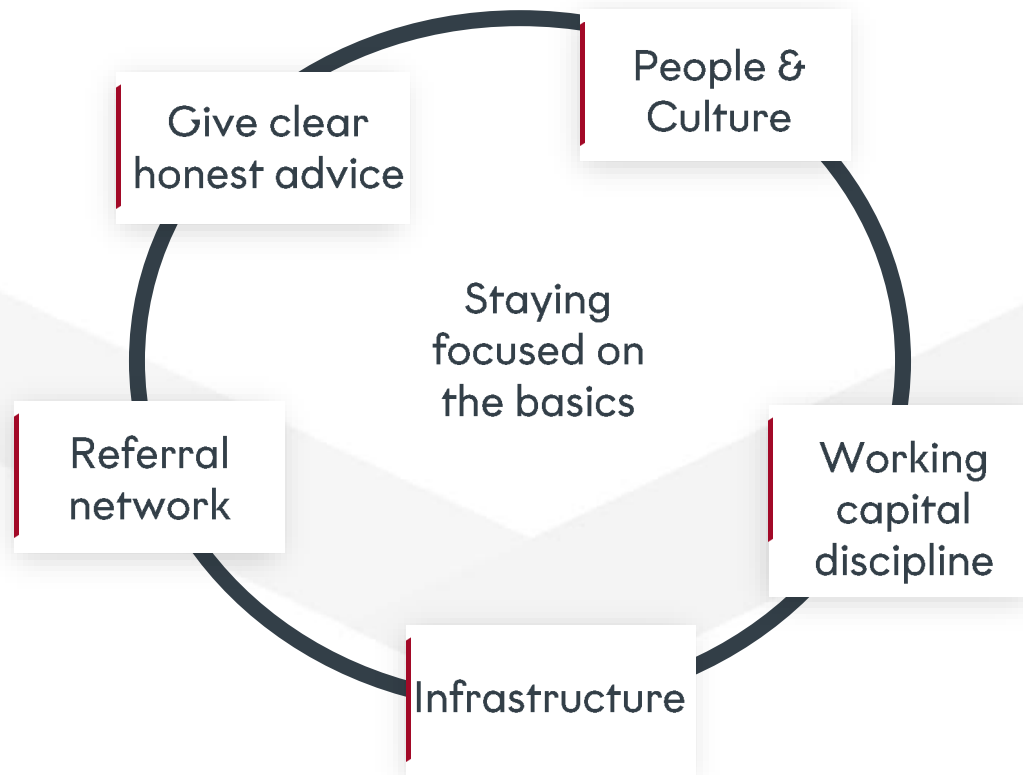
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Strategy & highlights



Our strategy

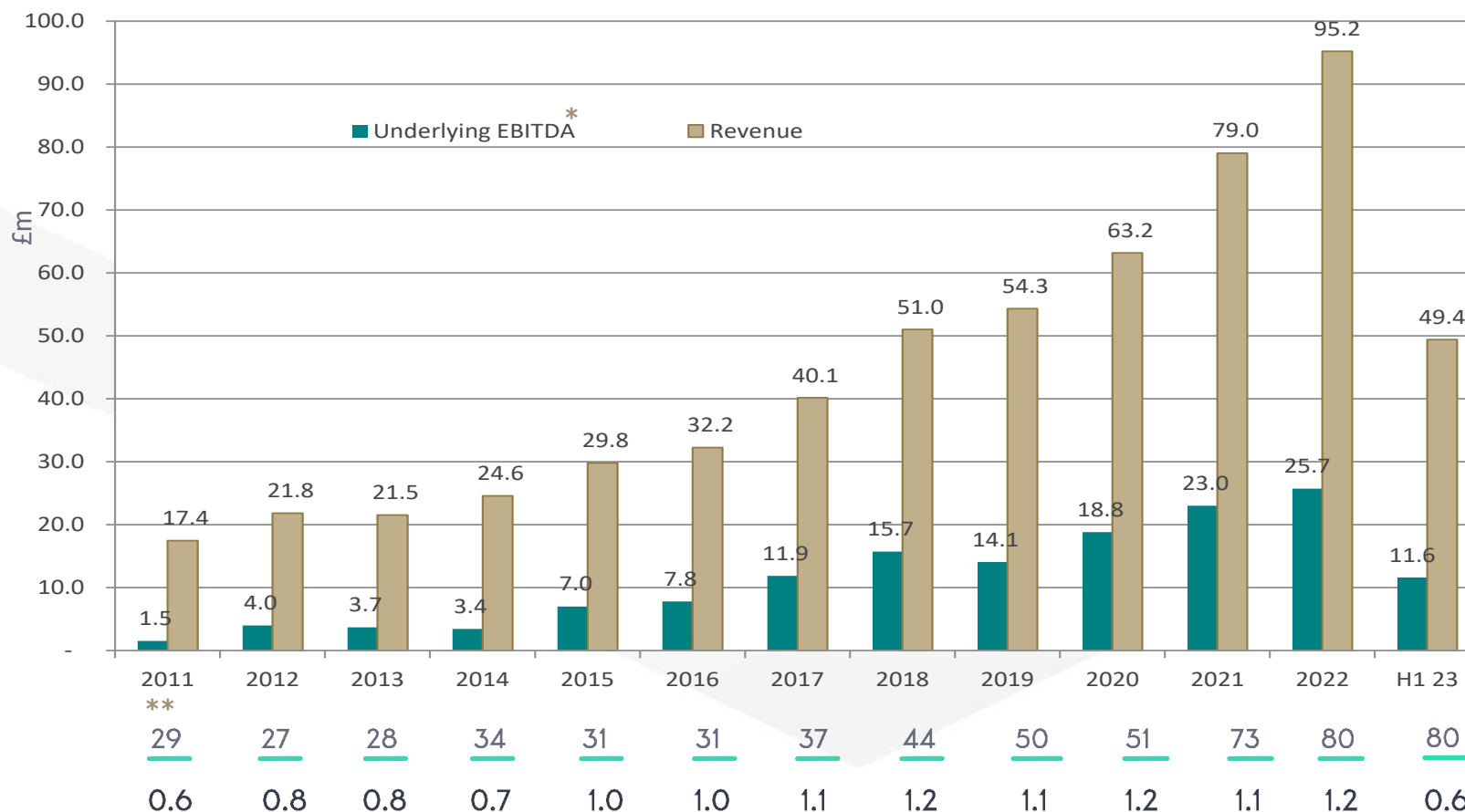
Organic growth supplemented by selective acquisitions



Strong track record of resilient growth

+15%

Revenue
CAGR over
11 years



Partners

Rev per
Partner (£m)

H1 2023 Financial Highlights

10%

Revenue growth
9% organic

H1 23: £49.4m
H1 22: £44.7m

5%

Adjusted* underlying
EBITDA growth

H1 23: £11.6m
H1 22: £11.1m

11%

Team growth yoy
(excluding Consultants)

H1 23: 536
H1 22: 485

£21m

Net cash

H1 22: £9.2m

(June 22 - £7.5m gross raise)

3.35p

Adjusted Total* EPS

H1 22 3.25p

Basic EPS H1 23: 2.58p
H1 22: 2.00p

0.85p

Q2 Interim dividend

H1 23: 1.7p (Q1 0.85p +
0.85p)

H1 22: 1.6p

H1 2023 operational highlights

Achievements

- Several high-profile appointments in the period
- Appointed on more Government panels
- In June 22 £7.5m gross cash raised from significantly oversubscribed placing.
- Implementation of new risk management framework and the Group now aligns with ISO 31000, certified in July 22.

Acquisitions

- FRP Leigh on Sea, fully integrated and performing in line with management expectations. (Bridgeshield Acquisition April 22).
- In December 22, completed the acquisition of APP, based in Cyprus, providing advisory, tax and audit services.

Operational

- Continued investments to improve the infrastructure and operational efficiency:
 - New CRM system, Salesforce implemented across all locations.
 - Time recording & billing system upgraded in August 22.
 - Document Management System planned for H2 23.
 - HR system modules being rolled out across the group.

National coverage local contacts

81

Partners
nationwide

570

Team
members
(inc Partners &
Consultants)

27

26 UK
locations
+ Cyprus

- Member of the International Association of Corporate Advisers (AICA)
- Corporate member of the IFT
- 8 International member



8 EIGHT INTERNATIONAL

FRP

As at December 2022



frpadvisory.com

Pillar collaboration to achieve the best outcome



Restructuring Advisory &
Corporate Finance

Dawnfresh Seafoods

£100 million + investment

FRP's Scotland and London City based teams advised on the sale of Dawnfresh, a leader in Scottish aquaculture.



Restructuring Advisory &
Forensic Services

Comet

£100 million +

Successful claim by Additional Liquidator securing £100 million + judgement (subject to possible appeal). Thought to be the largest preference claim.



Restructuring Advisory &
Corporate Finance

Corbin & King

£62 million

FRP secured the £62 million sale of leading restaurant group Corbin & King through a formal auction.



Corporate Finance

Hybrid Theory

Undisclosed

FRP Corporate Finance advised on the sale of data led programmatic agency to Azerion.



Corporate Finance & Debt
Advisory

Blueback

Undisclosed

FRP Corporate Finance and Debt Advisory teams act as adviser to California-based Blueback Global on its sale to TopSource Worldwide.



Corporate Finance & Pensions
Advisory

PHL

Undisclosed

FRP's Corporate Finance and Pensions Advisory teams advised Healthcare services provider PHL on management buyout.



Corporate Finance &
Restructuring Advisory

Cellesce

Undisclosed

Adviser to biotechnology firm Cellesce on sale to Molecular Devices, through support from both Corporate Finance and Restructuring Advisory teams.



Restructuring Advisory &
Corporate Finance

Project Jackal













Undisclosed

Through an Eight International referral, FRP conducted a strategic options review, providing solutions for a major transport company.

Market and team growth



Key competitor analysis

Company	Description	Domicile/ Market	Conflict free	Sector	Corporate Finance offering
FRP	Specialist Independent	UK	YES	Large Medium Small	Yes
    	Large accountancy firms	UK/Global	NO	Large	Yes
interpath 	PE backed ex big 4	UK/Global	Yes	Large	Yes
  	Specialist Independent	UK	YES	Medium Small Micro	Yes
  	American players investing in UK market	Global	YES	Large	Yes

Additional competitors are sub-scale – highlights highly fragmented market

FRP's growing referral network

FRP has a broad range of longstanding referral relationships, many of which repeatedly refer business to FRP.

Investments in our infrastructure have supported us on joining new government panels.

Institutional lenders



LLOYDS BANK



BARCLAYS

HSBC



Plus many other financial institutions

Government/pensions



UK Research and Innovation



ofgem

ofwat



The Scottish Government
Riaghaltas na h-Alba

Rapid Response Unit (RRU)

Lawyers/accountants



SLAUGHTER AND MAY

Weil



ADDLESHAW
GODDARD

ALLEN & OVERY

CLIFFORD
CHANCE

Network of thousands of local lawyers and accountants where local presence is key

Linklaters



Freshfields Bruckhaus Deringer

Private equity

Baird Capital Partners



HgCapital



GraphiteCapital



& many others...

Restructuring market overview (H1 2023)

UK Businesses are facing disruption and economic and market related instability:

- Inflation/Input cost increases (energy, raw materials, food, wage pressures and strikes)
- Interest rate rises
- Supply chain issues
- Brexit impacts
- The removal of pandemic related government support
- Other disruptive forces (i.e. pace of technological change, pandemic impacts on operations i.e. staff absenteeism)

Many troubled UK corporates have avoided the need to consider and implement formal restructuring processes

Administration market still considered artificial, compared to pre-pandemic levels:

- Liquidity / balance sheet (cheap debt and Government backed loans) supporting troubled companies
- Institutional lenders continue to be supportive where possible
- During our first half, HMRC have started to follow up on the tax arrears backlog



In light of the above challenges facing UK corporates, the Group has seen an increase in the level of enquiries for restructuring services in the first half of the year.

Restructuring market activity (H1 2023)

The more complex administrations market has grown by 51%, but is still down on pre-pandemic levels.

	Total market	FRP	FRP market share
Total formal company insolvencies	15,657 (10% up on H1 22)	567 (39% up on H1 22)	4% (H1 2022: 3%)
Total formal company insolvencies (excluding Members Voluntary Liquidations)	11,338 (35% up on H1 22)	411 (50% up on H1 22)	4% (H1 2022: 3%)
Administrations only	589 (51% up on H1 22)	78 (39% up on H1 22)	13% (H1 2022: 14%)

Figures represent the volume of appointments as per London and regional Gazette's

Corporate Finance market

- The FRP Corporate Finance brand was launched in July 2022 supported with a new dedicated corporate finance website to amalgamate the previous FRP Advisory, Spectrum Corporate Finance and JDC Corporate Finance brands.
- Our Corporate Finance and Debt Advisory colleagues had a strong H1 2023, advising on 40 transactions in the 6 month period, with a combined deal value of £1.2bn and £0.6bn of debt raised.
- Notable deals in H1 included:
 - MBO of healthcare services provider, Partnering Health Limited.
 - Sale of multi-brand distributor, BTC Activewear to New Wave Group AB in Sweden.
 - Sale of Blueback Global, a leader in global expansion services, to TopSource Worldwide.
- The team has a good pipeline of existing M&A and Debt Advisory mandates and the level of new enquiries remains encouraging, although we continue to feel the impact of rising interest rates and the forecast recessionary period on buyers appetite, particularly in consumer exposed sectors, which is likely to reduce mainstream M&A activity over H2 compared to last year. Conversely, this should lead to an increase in debt refinancings and restructuring related M&A activity.
- We are well positioned to support if solvent M&A activity softens and distressed/special situations M&A increases.

FRP Corporate
Finance

Growing the team

Targeted demand-led lateral hiring continued

Team	31/10/2022	30/04/2022	31/10/2021
Partners	80	80	76
Colleagues – fee earners	342	317	310
Total fee earners	422	397	386
Colleagues - support	114	107	99
Total (exc Consultants)	536	504	485

During the 1st half fee earners grew by 25 and support colleagues by 7

Selective acquisition – December 22

- In line with our inorganic growth strategy to acquire small partner teams.
- Criteria: cultural fit, strategic fit, economic fit.
- Structured with retention, similar Lock-in to IPO partners.

	APP
Type + team	Share, 2 Partners + 14
Pillars	Restructuring
Rationale	New Cyprus office, supports our ability to help on international matters with 8 international
Opportunities	Builds on existing FRP/APP relationship to support accelerated growth

Financials



Underlying Adjusted EBITDA +5%

£m		H1 2023	H1 2022	FY 2022
Reported profit before tax (PBT)		5.4	5.7	15.1
Add interest, depreciation, amortisation		1.4	1.1	2.6
Reported EBITDA		6.8	6.8	17.7
Add exceptional items		0.3	-	-
Non cash items	Add share based payment expense relating to the Employee Incentive Plan	3.3	2.9	5.4
	Add share based payment expense - deemed remuneration	1.2	1.4	2.6
Underlying adjusted EBITDA		11.6	11.1	25.7

Adjusted for

- Employee Incentive Plan (plan) used to grant options that vest, 3 years after granting. Non-cash expense, scheme funded on IPO by the partners. Backed by shares that are held in a trust and part of the existing share capital. (IFRS 2).
- Deemed remuneration – non-cash item, arises on acquisitions due to shares subject to a lock-in period / continuing service (IFRS 3).

Not adjusted for

- Employers National Insurance due on the Employee Incentive Plan (EIP) awards when the options vest in 2023, £0.9m accrued in H1 2023

Comprehensive income

	Notes	Unaudited 6 months ended 31 Oct 22 £ million	Unaudited 6 months ended 31 Oct 21 £ million	Audited Year Ended 30 Apr 22 £ million
Revenue		49.4	44.7	95.2
Personnel costs		(32.3)	(28.9)	(58.8)
Depreciation and amortisation		(1.2)	(1.0)	(2.1)
Other operating expenses		(10.0)	(8.9)	(18.7)
Exceptional costs	3	(0.3)	-	-
Operating profit		5.6	5.9	15.6
Finance income		0.1	-	-
Finance costs		(0.3)	(0.2)	(0.5)
Net finance costs		(0.2)	(0.2)	(0.5)
Profit before tax		5.4	5.7	15.1
Taxation		0.3	(1.2)	(3.2)
Profit for the period		5.7	4.5	11.9
Total comprehensive income for the period		5.7	4.5	11.9

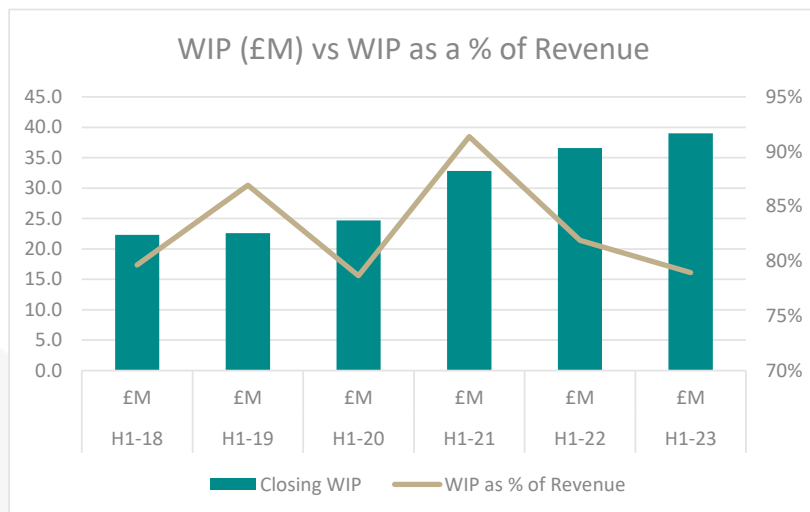
Financial position

	Notes	Unaudited 6 months ended 31 Oct 22 £ million	Restated Unaudited 6 months ended 31 Oct 21 £ million	Audited Year Ended 30 Apr 22 £ million
Non-current assets				
Goodwill		10.2	9.6	10.2
Other intangible assets		0.7	0.7	0.7
Property, plant and equipment		2.7	2.5	2.8
Right of use asset		5.6	3.9	6.3
Deferred tax asset		4.7	1.8	2.4
Total non-current assets		23.9	18.5	22.4
Current assets				
Trade and other receivables	6	48.5	46.2	46.1
Cash and cash equivalents		26.6	16.8	24.9
Total current assets		75.1	63.0	71.0
Total assets		99.0	81.5	93.4
Current liabilities				
Trade and other payables	7	26.1	26.7	30.2
Loans and borrowings		1.6	2.0	2.0
Lease liabilities		1.7	0.4	1.3
Total current liabilities		29.4	29.1	33.5
Non-current liabilities				
Trade and other payables	7	5.4	6.3	5.7
Loans and borrowings		4.0	5.6	4.8
Lease liabilities		4.0	3.6	4.9
Total non-current liabilities		13.4	15.5	15.4
Total liabilities		42.8	44.6	48.9
Net assets		56.2	36.9	44.5
Equity				
Share capital		0.2	0.2	0.2
Share premium		31.7	23.7	23.7
Treasury shares reserve		(0.0)	(0.0)	(0.0)
Share based payment reserve		2.9	0.2	(1.1)
Merger reserve		1.3	1.3	1.3
Retained earnings		20.1	11.5	20.4
Shareholders equity		56.2	36.9	44.5

Cashflow

	Unaudited 6 months ended 31 Oct 22 £ million	Unaudited 6 months ended 31 Oct 21 £ million	Audited Year Ended 30 Apr 22 £ million
Cash flows from operating activities			
Profit before taxation	5.4	5.7	15.1
Depreciation, amortisation and impairment (non cash)	1.2	1.0	2.1
Share based payments: employee options	3.3	3.0	5.4
Share based payments: deemed remuneration	0.7	1.4	2.6
Net finance expenses	0.2	0.2	0.5
Increase in trade and other receivables	(2.4)	(3.9)	(3.5)
Decrease in trade and other payables	(5.1)	(2.3)	1.6
Tax paid	(0.2)	(1.7)	(5.5)
Net cash from operating activities	3.1	3.4	18.3
Cash flows from investing activities			
Purchase of tangible assets	(0.3)	(0.6)	(1.4)
Acquisition of subsidiaries less cash acquired	(0.4)	(3.6)	(4.4)
Interest received	0.0	-	-
Net cash used in investing activities	(0.7)	(4.2)	(5.8)
Cash flows from financing activities			
Gross Proceeds from share sales	7.5	-	-
Dividend	(6.0)	(5.6)	(9.2)
Principal elements of lease payments	(0.7)	(0.6)	(1.2)
Repayment of loans and borrowings	(1.2)	(0.4)	(1.2)
Interest paid	(0.3)	(0.2)	(0.4)
Net cash used in financing activities	(0.7)	(6.8)	(12.0)
Net increase/(decrease) in cash and cash equivalents	1.7	(7.6)	0.5
Cash and cash equivalents at the beginning of the period	24.9	24.4	24.4
Cash and cash equivalents at the end of the period	26.6	16.8	24.9

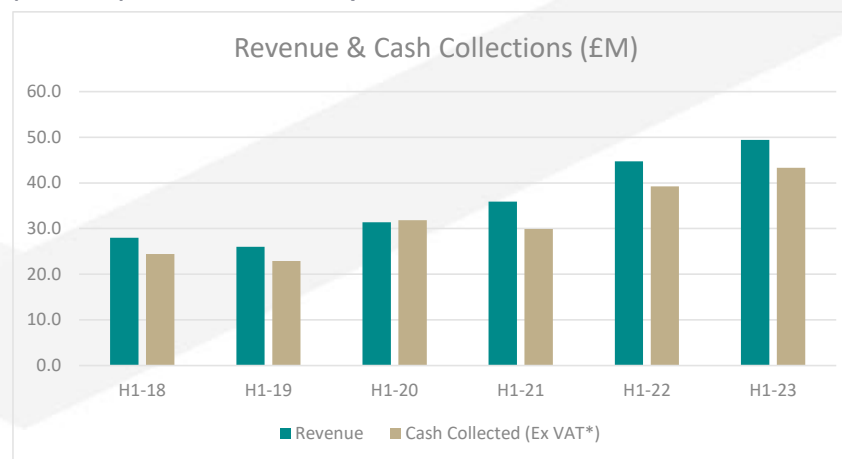
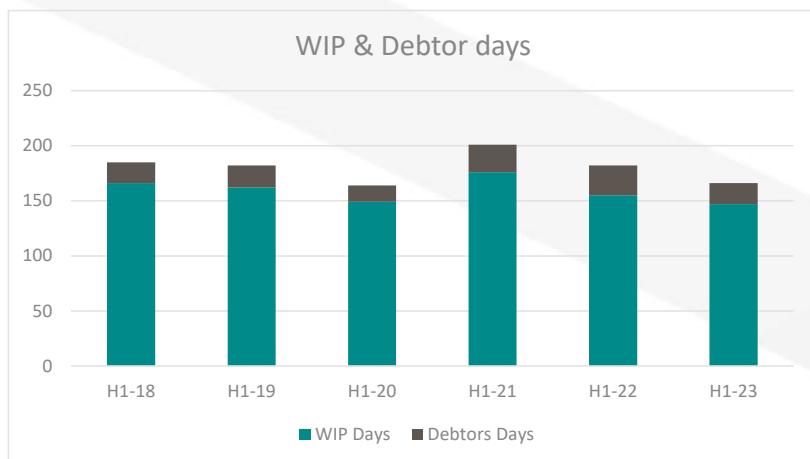
Work in Progress (WIP, unbilled)



FRP provides services on credit and mandates take on average five to seven months to complete, leading to a large unbilled revenue (work in progress) balances.

Larger, more complex administration appointments are more remunerative but can also extend the working capital cycle.

- A.** Despite significant revenue growth, WIP as a percentage of sales has reduced.
- B.** Debtor days are small, once creditors approve fees invoices are settled quickly.
- C.** FRP have a history of appropriate WIP valuations as evidenced by the strong correlation of revenue with cash collections (net of VAT, prudently assumed all 20%).



Outlook



Outlook

The future for FRP

- › FRP is a resilient business, with a track record of growth.
- › The group has a strong balance sheet and a structure that provides a good level of flexibility to put forward the right team from the right locations for each project.
- › Many troubled UK corporates have avoided the need to consider and implement formal restructuring processes. Uncertainties still remain on when this will be addressed depending on how supportive institutional lenders continue to be and HMRC's approach on dealing with the tax arrears backlog.
- › FRP's restructuring team is receiving a greater level of enquiries compared to prior year. The group has capacity and is well positioned to service any increase in demand.
- › The medium-term outlook for all of the Group's markets is positive and the Board remains confident of making further progress in the current financial year.



Q&A



Appendices

A photograph of two women sitting at a long wooden table in a modern office with large windows overlooking a city. One woman is holding a laptop, and the other is looking at it. There are several pendant lights hanging from the ceiling.

Why invest in FRP?

FRP Advisory Group plc

Consistent profitable growth

Revenue CAGR of +15% since founding in 2010, with consistent high margins and profit growth year on year.

Proven strategy

Track record of organic growth supplemented by successful integration of highly selective acquisitions, regardless of the macro-economic conditions

Resilient business model

Multiple panel statuses secured; barriers to entry for smaller firms; longstanding and growing referral network giving access to a diverse client base

Multiple growth drivers

Mid-market focus, with volume of high-profile appointments steadily increasing. UK office network offers national coverage and local expertise, with fewer conflicts of interest than larger full-service firms

Entrepreneurial collaborative culture aligned with shareholder interests

Internal ownership via shares (Partners c.40%) and colleague options (c.8%) respectively, in addition to performance-related pay structure

Strong balance sheet and attractive dividend policy

Highly cash generative; policy to pay dividends quarterly, with high pay-out ratio



Corporate lifecycle



Our integrated advisory services allow us to provide creative solutions throughout the entire corporate lifecycle.

Start Up

Growth

- Raising finance
- Management buyout/buy-in
- Company valuations
- Business sales
- Company acquisition
- Due diligence
- Refinancing and recapitalisation

Upturn

- Pre-lending reviews
- Raising finance
- Management buyout/buy-in
- Company valuations
- Business sales
- Company acquisition
- Due diligence
- Refinancing and recapitalisation

Downturn

Stressed

- Independent business reviews
- Contingency planning
- Company valuations
- Special situation M&A
- Strategic options review
- Exit strategy reviews
- Refinancing and recapitalisation

Distressed

Insolvent

- Administrations
- Corporate restructuring
- Contentious insolvency
- Voluntary arrangements
- Receiverships
- Liquidations
- Bankruptcy